CHINA RENEWABLE ENERGY INVESTMENT LIMITED
中國再生能源投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 987)

(Warrant code: 1677)

(website: www.cre987.com)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The board of directors (the "Board") of China Renewable Energy Investment Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*3*	**131,343**	130,998
Cost of sales	*4*	**(85,661)**	(87,152)
Gross profit		**45,682**	43,846
Other income	*3*	**12,319**	162
Administrative expenses	*4*	**(25,325)**	(22,755)
Operating profit		**32,676**	21,253
Finance income	*5*	**2,545**	3,612
Finance costs	*5*	**(32,487)**	(31,894)
Finance costs - net	*5*	**(29,942)**	(28,282)
Share of profits less losses of associates		**67,580**	72,009

	Note	**2017** *HK$'000*	2016 *HK$'000*
Profit before income tax		**70,314**	64,980
Income tax expense	*6*	**(9,364)**	(6,834)
Profit for the year		**60,950**	58,146
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**123,916**	(92,015)
Other comprehensive income/(loss) for the year, net of tax		**123,916**	(92,015)
Total comprehensive income/(loss) for the year		**184,866**	(33,869)
Profit/(loss) attributable to:			
Equity holders of the Company		**60,330**	61,098
Non-controlling interests		**620**	(2,952)
		60,950	58,146
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**184,413**	(31,068)
Non-controlling interests		**453**	(2,801)
		184,866	(33,869)
Earnings per share attributable to equity holders of the Company for the year (expressed in HK cents per share)			
Basic earnings per share	*7(a)*	**2.56**	2.59
Diluted earnings per share	*7(b)*	**2.54**	2.59

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**911,598**	910,853
Construction in progress		**36,089**	7,319
Prepaid land lease payments		**11,925**	12,089
Intangible assets		**5,392**	4,057
Prepayments and other receivables	*9*	**166,411**	18,188
Interests in associates		**931,364**	878,111
Total non-current assets		**2,062,779**	1,830,617
Current assets			
Inventories		**9,050**	5,939
Trade and other receivables	*9*	**117,730**	78,319
Short-term bank deposits		**–**	13,475
Cash and cash equivalents		**300,060**	200,704
Total current assets		**426,840**	298,437
Total assets		**2,489,619**	2,129,054
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**23,647**	23,564
Reserves		**1,721,779**	1,542,629
Equity attributable to equity holders of the Company		**1,745,426**	1,566,193
Non-controlling interests		**(2,069)**	(2,522)
Total equity		**1,743,357**	1,563,671

	Note	2017	2016
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**351,335**	383,018
Deferred income tax liabilities		**32,772**	31,518
Total non-current liabilities		**384,107**	414,536
Current liabilities			
Trade and other payables	*10*	**46,958**	68,433
Current portion of bank borrowings		**88,931**	82,414
Amount due to a shareholder		**226,169**	–
Current income tax liabilities		**97**	–
Total current liabilities		**362,155**	150,847
Total liabilities		**746,262**	565,383
Total equity and liabilities		**2,489,619**	2,129,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Renewable Energy Investment Limited (the "Company" or "CRE") is an exempted company incorporated in the Cayman Islands with limited liability. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively the "Group") are principally engaged in renewable energy business. The Group has operations mainly in the People's Republic of China (the "PRC").

The shares of the Company are listed on the Main board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The ultimate holding company is Claudio Holdings Limited, a company incorporated in the British Virgin Islands.

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$ thousand or HK$'000), unless otherwise stated. These consolidated financial statements were approved for issue by the board of directors of the Company on 19 March 2018.

2 BASIS OF PREPARATION

The consolidated financial statements of CRE have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

HKAS 7 (Amendments)	Statement of cash flows
HKAS 12 (Amendments)	Income taxes
HKFRS 12 (Amendments)	Disclosure of interest in other entities

The adoption of the above amendments to standards has no significant effects on the Group's financial information.

(b) *New standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted*

The following standards, amendments to standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 28 (Amendments)	Investments in associates and joint ventures	1 January 2018
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HKFRS 1 (Amendments)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HK (IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) – Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

The Group has not early adopted the new standards, amendments to standards and interpretations, which have been issued but are not effective for the financial year beginning 1 January 2017.

Further information about those new standards, amendments to standards and interpretations that are not yet effective but are expected to be applicable to Group is set out below:

HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018.

The Group does not expect the new standard to have a significant impact on the classification and measurement of its financial assets and financial liabilities.

The Group has assessed on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment provision is determined based on the 12-month expected credit losses which are not expected to be financially material to the Group.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 Revenue from Contracts with Customers

The Hong Kong Institute of Certified Public Accountants has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15.

The Group has assessed the effects of the applying the new standard on the consolidated financial statements and has not identified any material financial impact to the Group.

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$679,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cashflows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first annual reporting period beginning on or after January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3 REVENUE AND OTHER INCOME

The amount of each significant category of revenue and other income recognised during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Sales of electricity	**131,343**	125,337
Value-added tax refund	**6,514**	5,661
Others	**5,805**	162
	143,662	131,160

Sales of electricity were all generated by the wind power plants of the Group. The Group has a single reportable segment which is wind power segment. As the Group does not have significant material operations outside the PRC, no geographic segment information is presented.

For the year ended 31 December 2017, the Group's revenue for reportable segment from external customers of HK$131,343,000 (2016: HK$125,337,000, HK$130,998,000 after including value-added tax refund) is only attributable to the China market.

For the year ended 31 December 2017, the Group has two customers with revenue exceeding 10% of the Group's total revenue (2016: two customers). Revenues from the customers amounted to HK$84,969,000 and HK$46,374,000 (2016: HK$91,792,000 and HK$39,206,000) respectively.

4 EXPENSES BY NATURE

	2017	2016
	HK$'000	*HK$'000*
Auditor's remuneration		
– Audit services	**1,494**	1,494
– Non-audit services	**615**	400
Amortisation of prepaid land lease payments	**1,074**	1,092
Amortisation of intangible assets	**435**	413
Depreciation of property, plant and equipment	**70,068**	72,351
Net exchange loss/(gain)	**715**	(943)
Employee benefit expenses (including directors' emoluments)	**17,987**	17,353
Operating lease rental	**1,285**	1,595
Repair and maintenance expenses	**2,287**	2,103
Corporate expenses	**1,081**	862
Legal and professional fees	**1,427**	475
Management service fee	**1,106**	990
Other expenses	**11,412**	11,722
Total cost of sales and administrative expenses	**110,986**	109,907

5 FINANCE INCOME AND COSTS

	2017 *HK$'000*	2016 *HK$'000*
Finance costs:		
– interest expenses on bank borrowings	**(26,738)**	(31,894)
– interest expenses on amount due to a shareholder	**(6,169)**	–
	(32,907)	(31,894)
Less: amounts capitalised	**420**	–
	(32,487)	(31,894)
Finance income:		
– interest income on bank deposits	**2,545**	3,612
Finance costs – net	**(29,942)**	(28,282)

6 INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group has no assessable profit for the years ended 31 December 2017 and 2016. Mainland China income tax includes corporate income tax which has been provided on the estimated assessable profits of subsidiaries operating in the Mainland China at 25% (2016: 25%). Withholding tax was provided for undistributed profits of certain subsidiaries and associates in the PRC at a rate of 5% or 10% (2016: 10%).

	2017 *HK$'000*	2016 *HK$'000*
Current income tax	**(1,082)**	–
Withholding tax on dividends	**(9,201)**	(6,657)
Deferred income tax credit/(expense), net	**919**	(177)
Income tax expense	**(9,364)**	(6,834)

Note:

The share of income tax expense of associates of HK$19,682,000 (2016: HK$21,277,000) is included in the Group's share of profits less losses of associates.

7 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2017	2016
Profit attributable to equity holders of the Company (HK$ thousand)	**60,330**	61,098
Weighted average number of ordinary shares in issue (thousand)	**2,359,216**	2,356,372
Basic earnings per share (HK cents per share)	**2.56**	2.59

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In 2017, the warrants are assumed to have been converted into ordinary shares. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of warrants.

	2017	2016
Profit attributable to equity holders of the Company (HK$ thousand)	**60,330**	61,098
Weighted average number of ordinary shares in issue (thousand)	**2,359,216**	2,356,372
Adjustment for :		
– Assumed conversion of warrants (thousand)	**11,647**	–
Weighted average number of ordinary shares for diluted earnings per share (thousand)	**2,370,863**	2,356,372
Diluted earnings per share (HK cents per share)	**2.54**	2.59

Diluted earnings per share for the year ended 31 December 2016 is equal to basic earnings per share as there are no potential dilutive shares in issue for the year ended 31 December 2016.

8 DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividend paid, of HK0.3 cents (2016: HK0.2 cents) per ordinary share	**7,094**	4,713
Final dividend proposed, of HK0.4 cents (2016: Nil) per ordinary share	**9,459**	–

On 19 March 2018, a final dividend of HK0.4 cents per ordinary share payable in cash in respect of the year ended 31 December 2017 is proposed by the Board and the amounts are not accounted for until they are approved by the shareholders at the forthcoming annual general meeting of the Company. As the proposed final dividend is declared after the balance sheet date, such dividend is not recognised as liability as at 31 December 2017.

On 23 August 2017, the Board has declared an interim dividend of HK0.3 cents per ordinary share payable in cash, total of HK$7.1 million was paid in October 2017.

No final dividend was proposed for the year ended 31 December 2016.

9 PREPAYMENTS, TRADE AND OTHER RECEIVABLES

		2017	2016
	Note	*HK$'000*	*HK$'000*
Non-current			
Prepayments	*(b)*	**155,001**	886
Other receivables	*(c)*	**11,410**	17,302
		166,411	18,188
Current			
Trade receivables	*(a)*	**17,176**	53,150
Prepayments and other receivables	*(c)*	**100,554**	25,169
		117,730	78,319
		284,141	96,507

Notes:

(a) The ageing analysis of trade receivables by Group's revenue recognition policy at year end was as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 30 days	**17,176**	18,740
More than 30 days and within 60 days	**–**	1,088
More than 60 days and within 90 days	**–**	–
More than 90 days	**–**	33,322
	17,176	53,150

The ageing analysis of trade receivables by invoice due date at year end was as follows: *(Note i)*

	2017	2016
	HK$'000	*HK$'000*
Less than 30 days	**17,176**	52,471
More than 30 days and within 60 days	**–**	679
	17,176	53,150

Note i:

The Group allows a credit period of 30 days to its trade customers. Trade receivables that are less than 30 days past due are not considered as impaired. As at 31 December 2017, trade receivable of HK$17.2 million (2016: HK$52.5 million) were either performing or past due less than 30 days. Included in this balance, HK$5.0 million (2016: HK$41.2 million) represented the electricity tariff receivables due from the government which have to go through an approval procedure before issuing invoices and invoices of these related receivables were not issued as at 31 December 2017. As at 31 December 2017, trade receivables of HK$2.1 million (31 December 2016: HK$4.4 million) were past due but not impaired. No impairment has been provided for these receivable as the balances are not in dispute and there is no indication that the amount will not be collectible.

(b) The balance includes prepayments of HK$154,045,000 (2016: Nil) for purchase of wind farm's equipment for the relevant construction work.

(c) Included in other receivables were input value-added taxation recoverable of HK$18,375,000 (2016: HK$22,994,000) arising from purchase of property, plant and equipment and dividend receivables from associates of HK$78,462,000 (2016: Nil).

(d) All prepayments and trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

10 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**552**	667
Payables for acquisition and construction of property, plant and equipment	**30,232**	57,471
Other payables and accruals	**16,174**	10,295
	46,958	68,433

The ageing analysis of trade payables at year end was as follows:

	2017	2016
	HK$'000	*HK$'000*
Less than 12 months	**53**	185
12 months and more	**499**	482
	552	667

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2017, China Renewable Energy Investment Limited ("CRE" or the "Company", and with its subsidiaries, collectively, the "Group") recorded HK$131.3 million in turnover from its renewable energy business. Although wind resources were at a lower level compared to 2016, they did improve in the second half of the year. Moreover, the Group's wind farms enjoyed lower overall curtailment compared to last year. Hence, our wholly-owned and majority-owned wind farms performed better, which led to a 5% increase in revenue as compared to last year's HK$125.3 million. Through various strategies and measures focused on improving quality and economic efficiency, the gross profit for the period increased 20% to HK$45.7 million (2016: HK$38.2 million).

However, low wind conditions affected our wind farms operating under the associates, leading to a drop in the overall performance and lowered the net profit contribution to the Group. The net profit from the associates was HK$67.6 million as compared to last year's HK$72.0 million.

The Group's net profit after tax attributable to the equity holders of the Group was HK$60.3 million for the year ended 31 December 2017 as compared to HK$61.1 million for the same period in 2016. This represents basic earnings per share of HK2.56 cents, compared to 2016 basic earnings per share of HK2.59 cents.

Liquidity and Financial Resources

As at 31 December 2017, the Group's total bank borrowings was HK$440.3 million as compared to HK$465.4 million in 2016. The difference was mainly due to the net effect of the drawn down of a new bank loan for the Henan Songxian wind project, repayment of principal with existing project loans and currency exchange differences.

The bank borrowings include interest-bearing RMB bank loans to the Group's wind farm projects in the People's Republic of China, with interest rates fixed at the People's Bank of China rates. The maturity dates for the Group's outstanding borrowings were spread over the next 14 years. There were HK$88.9 million repayable within one year, HK$300.0 million repayable within two to five years and HK$51.4 million repayable over five years.

The Group's unrestricted bank deposits and cash were HK$300.1 million as at 31 December 2017 as compared to HK$214.1 million in 2016. Such increase was due to receipt of a shareholder loan HK$220.0 million from Creator Holdings Limited.

As the borrowings and incomes are in RMB, no hedging is required. The Group did not use any financial instruments for financial hedging purposes during the period under review.

Details of Charges in Group Assets

The Group's subsidiaries have charged their assets including wind power equipment, prepaid land lease payments and trade receivables, worth approximately RMB786.9 million (equivalent to HK$943.9 million) as security for the bank borrowings as at 31 December 2017. Assets, worth approximately RMB857.5 million (equivalent to HK$953.2 million), were charged as at 31 December 2016. The difference was due to the depreciation of assets and fluctuation of the RMB currency.

Gearing Ratio

As at 31 December 2017, the Group's net gearing ratio, which was the total borrowings plus amount due to a shareholder less unrestricted bank deposits and cash divided by total equity, was 21% as compared to 16% as at 31 December 2016.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2017 (Nil as at 31 December 2016).

Business Review

In 2017, China's economy and power consumption grew steadily. Total power consumption reached around 6,307,700 Giga-Watt-hours ("GWh"), representing an increase of 6.6% as compared to 2016. Total wind power output was 305,700 GWh, an increase of around 26.3% compared to 2016, accounting for 4.8% of total power generation across the country. Total solar power output was 118,200 GWh, an increase of around 78.6% compared to 2016, accounting for 1.9% of total power generation across the country. The overall growth in electricity demand and renewable energy output as a percentage of total energy output continued to increase in 2017. This is expected to continue during China's 13th Five-Year Plan period. During 2017, the government and grid company announced a number of policies and regulations to support the renewable energy industry. The State Grid and the National Energy Administration ("NEA") announced goals to further reduce wind and solar power curtailment from 20% in 2016 to less than 5% by 2020, for which we have already seen some impact in 2017. Both wind power and solar power curtailment decreased from around 17% and 10% to around 12% and 6% respectively.

In the past year, the Group has actively responded to market changes through innovation in all aspects of our business. In particular, we focus on quality of development and operational effectiveness. In 2017, we put in considerable effort to strengthen and streamline operations, spare parts procurement, and risk management in order to reduce our unit cost ("cost per kWh of generation") and to improve project economics. As a result, despite wind resources that were below expectations, we were able to achieve a similar level of power generation and utilisation hours compared to 2016. In 2017, our wind farms dispatched a total of 1,325.2 GWh as compared to 1,345.5 GWh in 2016. The average utilisation hours was 2,010 hours (2,038 hours in 2016), 62 hours higher than the national average. Our continued outperformance compared to the national average is a strong positive indicator of the Group's selective investment approach and technical expertise in operating wind farms efficiently.

In 2017, we made good progress both in terms of development and construction of new projects. We began construction on our wholly-owned Henan Songxian 74 MW wind project in the fourth quarter of 2017. We expect the project to start commissioning in mid 2018 and start contributing revenue to the Group in the second half of 2018.

The Group continues to adhere to our principle of investing in only the highest quality renewable energy projects – those projects with high potential return in regions not subject to curtailment. We are particularly excited about the potential for distributed solar and began exploring a 4 MW opportunity at Nanxun in the second quarter of 2017. We obtained the final approvals from relevant authorities by the third quarter, began construction, and put the project in commissioning ahead of schedule and below budget by the end of the year.

Mudanjiang and Muling Wind Farms

Mudanjiang and Muling wind farms, located in Heilongjiang province, have a total of 59.5 MW of wind power capacity. The wind farms started commercial operation in the fourth quarter of 2007. The Group holds majority stakes of 86% and 86.68% respectively. Power dispatch was around 72.3 million Kilo-Watt-hour ("KWh"), which was equivalent to 1,215 utilisation hours in 2017. Power demand in the region has improved slightly. By optimizing our operation and maintenance plan, we have also increased our average wind turbine availability. In addition, curtailment has declined. As a result, we achieved a much better performance this year as compared to last year's 56.9 million KWh (or 956 utilisation hours) power dispatch.

Siziwang Qi Phase I & II Wind Farm

Siziwang Qi Phase I & II wind farm has a total of 99 MW of wind power capacity and is wholly-owned by the Group. It is located 16 kilometres north of Wulanhua under Siziwang Qi of Western Inner Mongolia. Commercial operation of Phase I and II started in January 2011 and January 2015 respectively. The wind farms are the first two phases of a strategic 1,000 MW wind farm base for the Group. Siziwang Qi Phase I & II wind farm dispatched approximately 166.2 million KWh (an equivalent to 1,679 utilisation hours) in 2017. Although wind turbine availability has improved and curtailment level was similar to last year, lower wind resources has led to a slight decrease in power dispatch as compared to last year's 171.0 million KWh (or 1,724 utilisation hours).

Danjinghe Wind Farm

The Group has a 40% effective equity interest in the 200 MW Danjinghe wind farm located in Hebei. The majority and controlling shareholder is the wind division subsidiary of China Energy Conservation and Environmental Protection Group (collectively "CECEP"), which holds 60%. The entire wind farm, which consists of three phases, started commercial operation in September 2010. The power dispatched in 2017 was approximately 415.3 million KWh (an equivalent to 2,076 utilisation hours). As the project was obtained through the national tendering process, the wind farm enjoys minimal curtailment. Wind resources in the first half of 2017 were worse than the first half of 2016 (especially in the months of February, March and May 2017), although second half wind resources returned to normal. Overall, power dispatch declined compared to last year's 437.1 million KWh (or 2,185 utilization hours).

Changma Wind Farm

Changma wind farm, located in Gansu province, is a joint venture with the wind division subsidiary of CECEP. The Group has a 40% effective interest in the project company. The 201 MW wind farm started commercial operation in November 2010. This project, also obtained through national tendering, enjoyed minimal curtailment in 2017 and dispatched around 445.2 million KWh (an equivalent to 2,215 utilisation hours). Slightly lower average wind resources led to a minor decrease in power dispatch as compared to last year's 455.5 million KWh (or 2,266 utilisation hours).

Lunaobao Wind Farm

Lunaobao wind farm is a joint venture with the wind division subsidiary of CECEP, and is adjacent to the Danjinghe wind farm. The Group has a 30% effective equity interest. The 100.5 MW wind farm commenced commercial operation in February 2011. Unlike Danjinghe, Lunaobao wind farm was not obtained through the national tendering process; and, hence, does not enjoy low curtailment. The power dispatched in 2017 was around 226.2 million KWh (an equivalent to 2,251 utilisation hours). Wind resources and curtailment in the region was similar to 2016, therefore the power dispatch was similar to last year's 225.0 million KWh (or 2,239 utilisation hours).

Business Model & Risks Management

CRE's main business is acting as an investor-operator in China's renewable energy sector, in which we secure, develop, construct and operate power stations in order to provide reliable electricity to customer. As one of the main external investors in China's renewable energy sector, the Group is well positioned to contribute to the government's plan for a low-carbon economy.

Our Group strategy "**Grow · Advance · Sustain**" guides our operations and development going forward. All investment opportunities are evaluated by the Executive Committee and the Board thoroughly based on a balance of the project economic, environmental and social benefits. We plan to continue to develop renewable energy projects and to look for **growth** investment opportunities in new technologies. In CRE, every KWh energy output counts. We therefore strive to innovate and **advance** in all aspects of our business and operations to continuously enhance our profitability with an ultimate goal to create **sustainable** value and increasing return for shareholders.

Risk management is the responsibility of everyone within the Group; risk is inherent in our business and the market in which it operates. Rather than being a standalone process, risk management is integrated into our daily business process, from project level day-to-day operation to corporate level strategy development and investment decisions.

Through a bottom up approach, we identify and review existing and emerging risks semi-annually. Identified risks are then monitored and discussed at the Group level. The risk management process is overseen by the Executive Committee and the Board as an element of our strong corporate governance. Within CRE, all risks factors are classified under 6 different categories, (i) Policy and Regulations, (ii) Legal and Compliance, (iii) Safety, Health and Environmental, (iv) Financial, (v) Operational and (vi) Reputational and are evaluated through assessing their consequences and likelihood. With a continuous and proactive approach to risk management, the Group is committed to identifying material risks and then to managing these so that they can be understood, minimised, mitigated or avoided.

Outlook

China's renewable energy industry continues to benefit from previously announced policies. Curtailment, for example, was reduced in 2017, a trend which we expect will continue in 2018. Reduced curtailment will improve project economics in the Northern provinces. Reflecting that reduction, CRE's Heilongjiang wind farm has already experienced reduced curtailment and improved earnings. We anticipate that our projects in Inner Mongolia will start to benefit beginning in 2018. The Group has and will continue to enhance our communication with grid companies and will put in all necessary effort to respond to grid requirements in order to minimize curtailment. In 2017, we have conducted in-depth analysis of the regional electricity markets and various pilot market schemes, such as those for cross-regional power supply as well as direct power supply for large energy consumers. Overall, we are seeing more companies joining such schemes and the rules and guidelines are becoming more clear and mature. When the timing is right, we may start joining such schemes in order to further maximise power generation, lower curtailment, and enhance our profitability.

On the negative side, we note that subsidies for the industry are being reduced for new projects given technological improvement has reduced capital costs. In addition, finding new projects is becoming increasingly difficult given quotas on the number of new renewable projects that are allowed in regions where curtailment remains a problem. Moreover, construction challenges are increasing given more stringent land and forestry approvals and higher environmental protection requirements.

Over the next few years, the Group will focus on certain selective regions based on detailed assessments of the resources as well as the potential grid curtailment trend. In 2018, our Henan Songxian 74 MW wind project should be completed. Efforts will be made to control project costs by ensuring that construction schedules are met and that the project is commissioned on time. After the successful completion of our first 4 MW distributed rooftop solar project, we intend to look for other distributed solar projects in China, and possibly Hong Kong. We believe we have a competitive advantage given our parent company is a property developer.

In addition to our pipeline of wind projects currently under wind measurement, we are also evaluating new opportunities in wind and solar. We are currently assessing the potential for distributed wind. Unlike utility scale wind, there are no quotas restricting distributed wind development. Moreover, these projects are connected directly to the low voltage demand side of the grid, with very limited chances of curtailment. In June 2017, the NEA issued a "Notice on Requirements in relation to Acceleration of Construction of Distributed Wind Power Projects", a notice that is expected to promote the healthy development of distributed wind power projects.

CRE is encouraged by our growth over the past 10 years. Our focus has been on profitability rather than growth. We have some of the country's most profitable wind farms. Going forward, we will continue to focus on profitable projects and will be closely monitoring the development of the renewable energy sector in various markets and will not rule out the possibility of investing in other emerging market for growth in the future when the timing is right. Yet China will remain the primary market that we will focus on. As such, we will build on our past successes and will continue to pursue more renewable projects in the country.

In the near term, we expect that the transition to cleaner and more efficient sources of energy and reform of the power sector will bring new opportunities to independent power producers such as CRE. The energy business is one that rewards expertise, patience, commitment and innovation. With over 10 years of experience in the renewable energy industry, and with a critical mass of renewable energy projects, we have the resilience and confidence to maintain steady growth in our business. We will continue to grow by developing our own project pipeline and will consider strategic alliances with an aim to create sustainable, stable and increasing returns for shareholders as we work towards a smarter and cleaner tomorrow.

Employees

As at the end of December 2017, the Group's operations in Hong Kong and Mainland China employed a total of 85 employee. Our core requirement is to ensure that we attract, retain and deploy employees with the capabilities needed to secure, develop, construct and operate our assets. In 2017, we have strengthened our resources and capabilities through a combination of external recruitment and internal transfers of staff. These have enabled us to enhance performance through common standards and processes in safety, project management and asset management. The Group has also appointed technical consultants on contract terms when deemed necessary for the development of new projects and for operation of existing projects. All employees are remunerated according to the nature of their jobs, their individual performances, the Group's overall performance, and the prevailing marketing conditions.

Environmental, Social and Governance Issues

As one of the earliest main investors in China's renewable energy sector since 2006, the Group has been heavily involved in environmental protection and support for the low carbon development of China. CRE strives to continuously improve and evolve in the renewable energy sector to adapt to the changing expectation of our stakeholders while balancing the needs of our shareholders, environment and the communities we operate in.

The Group has over 664 MW of operating wind farms and distributed solar project in Hebei, Heilongjiang, Gansu, Inner Mongolia and Zhejiang provinces. Most of our projects are located in remote northern regions. They greatly benefit the economic development of the local area through investment, by reducing local pollution and carbon emissions, and by contributing to the local community through the hiring of local staffs who are given fair market based remuneration packages. In 2017, CRE's operating assets complied with all local environmental related regulatory requirements. With a total electricity generation of 1,325.2 GWh, we have reduced approximately 431,000 tons of coal consumption and 1,025,000 tons of carbon emission. For our Songxian project that is still being constructed in 2018, we will monitor the environmental performance of the construction sites through regular measurements, site supervision, and on-site audits by both CRE internal staff and independent parties.

We place importance on creating positive relationships with stakeholders through understanding and addressing their expectations. As one of the main foreign investors in the China renewable energy industry, we continue to maintain close contacts with our stakeholders, including but not limited to the Government (e.g. the Development and Reform Commission and the Energy Administration at both national and provincial level), local authorities (e.g. environmental and land bureau) and State Grid Corporation through various meetings to facilitate their understanding of our business, operations and development direction.

The Group will continue to support the low carbon development in China though investing in various renewable energy projects. At the same time, we will explore other means to further contribute to the communities we operate in as the Group grows larger and profitability increases.

RECORD DATE FOR 2018 AGM

The record date for determining the entitlement of shareholders of the Company ("Shareholders") to attend and vote at the forthcoming annual general meeting of the Company which will be held on Tuesday, 29 May 2018 ("2018 AGM") is Wednesday, 23 May 2018 after close of business. In order to be eligible to attend and vote at the 2018 AGM, Shareholders must lodge all transfer documents accompanied by the relevant share certificates for registration with the Company's branch share registrar and transfer agent in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong ("Computershare"), no later than 4:30 p.m. on Wednesday, 23 May 2018.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK0.4 cents (2016: Nil) per ordinary share for the year ended 31 December 2017 to Shareholders whose names appear on the register of members of the Company on Friday, 8 June 2018. Subject to the approval of Shareholders at the 2018 AGM, the final dividend will be paid on Friday, 22 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The record date for the proposed final dividend is Friday, 8 June 2018. The Company's register of members will be closed from Thursday, 7 June 2018 to Friday, 8 June 2018 (both days inclusive) in order to determine entitlements to the proposed final dividend. During such period, no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Computershare for registration no later than 4:30 p.m. on Wednesday, 6 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company has complied with the code provisions (the "Code Provisions") and certain recommended best practices set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2017, except for the following:

Code Provision A.2.1

According to the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separate and performed by different individuals. Under the current organisation structure of the Company, the functions of CEO are performed by the Chairman, Mr. OEI Kang, Eric, with support from other Executive Directors. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company, and has been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development. The Board will review the structure from time to time to ensure it continues to meet the principle and will consider segregation of the roles of chairman and CEO if and when appropriate.

Code Provision A.4.1

All independent non-executive directors of the Company were appointed with no specific term, but are subject to the rotation requirement in the articles of association of the Company, accomplishing the same purpose as being appointed for a specific term pursuant to Code Provision A.4.1 of the CG Code.

Code Provision A.6.7

All independent non-executive directors of the Company were encouraged to attend the general meeting to inter-face with Shareholders but some of the Independent Non-executive Directors were not in a position to attend the annual general meeting of the Company held on 23 May 2017 (as provided for in Code Provision A.6.7 of the CG Code) due to overseas commitment and pre-arranged business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries, the Company has obtained confirmation from all Directors that they have complied with the required standards set out in the Model Code during the year ended 31 December 2017.

The Company has also adopted a code for dealing in the Company's securities by relevant employees, who are likely to be in possession of unpublished inside information in relation to the securities of the Group, on no less exacting terms than the Model Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference which have been updated from time to time to align with the Code Provisions set out in the CG Code. The Audit Committee comprises three members namely Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi. The Audit Committee, chaired by an independent non-executive director, is composed of all independent non-executive directors. The Audit Committee has reviewed the Group's audited consolidated financial statements for the year ended 31 December 2017.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.cre987.com) and the Stock Exchange (www.hkexnews.hk). The 2017 annual report containing all the information required by the Listing Rules will be published on the above websites and dispatched to the Shareholders in due course.

By order of the Board
CHINA RENEWABLE ENERGY INVESTMENT LIMITED
OEI Kang, Eric
Chairman and Chief Executive Officer

Hong Kong, 19 March 2018

As at the date of this announcement, the Board comprises six Directors, of which Mr. OEI Kang, Eric, Mr. LEUNG Wing Sum, Samuel and Mr. WONG Jake Leong, Sammy are executive Directors; and Mr. YU Hon To, David, Mr. TIAN Yuchuan and Mr. ZHANG Songyi are independent non-executive Directors.